

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

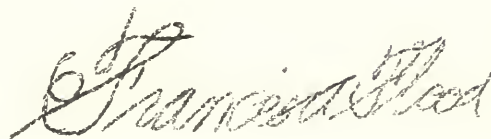
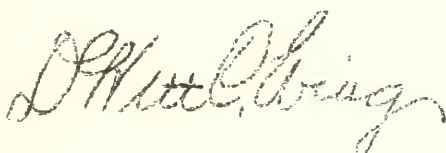
UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
Washington, D.C.

No. 43

September 8, 1934.

TO FARM JOURNAL EDITORS:

The following information is for your use.



DeWitt C. Wing and Francis A. Flood,
Specialists in Information.

REGIONAL MEETINGS ON CORN REFERENDUM

At a series of six regional conferences the livestock feed situation and plans for holding a corn referendum among corn-hog contract signers throughout the country, to determine whether they want any Agricultural Adjustment Act program in 1935, will be discussed with state agricultural leaders, Chester C. Davis, Administrator of the Act, has announced.

The regional conferences will be held at Indianapolis, September 10 and 11; Kansas City, Mo., September 12 and 13; St. Paul, Minn., September 14 and 15; Salt Lake City, Utah, September 14; New York, September 15, and Atlanta, Ga., September 19. Plans for the conferences have been worked out by A. G. Black, chief of the Corn-Hog Section.

"We want to know how state leaders feel about two important points", Mr. Davis said. "First, we want to talk over with them the feed situation, the danger that if nothing is done farmers may be headed for another disastrous cycle of surpluses, and to get their advice on a 1935 program to prevent feed grains, especially corn, from getting way out of adjustment with livestock. Second, we want to get their ideas as to the manner of conducting the referendum to find out exactly what corn-hog farmers want to do next year".

Representatives of corn-hog association committees from the various states, those who have administered the corn-hog campaign in the states and directors of state agricultural extension services will attend the conferences. Later meetings of county corn-hog production control associations throughout the country will talk over the whole situation and the plans after they are worked out.

"With the 1934 crop year drawing to a close", Mr. Davis said, "the time has come when farmers need to look closely into the livestock feed situation and the probable consequences during the coming year if there is no control program. There are two striking things about the present situation: First, livestock supplies have been sharply reduced. Second, feed prices are advancing much faster than those of livestock.

"This situation places a heavy premium on feed supplies. Past experience shows the probable result of such a condition. In the past the result has been an immediate and large increase in the acreage of corn, ruinously low feed prices and a consequent overexpansion in livestock production, followed by the collapse of livestock prices.

"The danger of feed production pulling away ahead of livestock requirements, thereby driving feed prices down to the point where livestock production would be abnormally stimulated, will be especially great next year because of the unusual sales of livestock this year. The usual and expected tendency of average yields per acre is to return to normal or better following a drought. This tendency emphasizes the danger of an enormous crop in 1935, if unlimited acreage expansion is permitted. It also emphasizes the greater danger now when reductions of 30 per cent in hog supply have rescued hog prices from disastrous levels but also have reduced the demand for corn.

"Substantial adjustments in livestock numbers and a life-saving rise in hog prices have been accomplished. A view already expressed by several farm leaders which is emphatically shared by the Adjustment Administration is that by planning 1935 corn production to allow for all needs but to prevent excessive expansion, both the feed grain and livestock price situations may be kept at stable and profitable levels. In their corn-hog production control associations farmers seem to have in their hands the means to hold their past gains. They seem to have a chance now to level off in the future the disastrous cycles of feed and livestock production which have injured them in the past.

"But", Mr. Davis said, "this is the farmers' show. We want to know how they feel about it. It is incumbent upon us to give them all the information we can which bears upon the situation. Whether they want to undertake corn adjustment next year, to prevent immediate trouble and to serve as a forerunner for a longer time program, is a question for them to answer. Therefore we have planned this series of conferences and the referendum of farmers to follow. It will be up to farmers."

State representatives will attend the regional conferences as follows:

Indianapolis: Ohio, Michigan, Indiana, Illinois, Kentucky and Tennessee.
Kansas City : Missouri, Kansas, Nebraska, Iowa, Oklahoma, Texas and
Arkansas.
St. Paul : Minnesota, Wisconsin, North Dakota and South Dakota.
Salt Lake City: Colorado, Wyoming, Montana, Idaho, Utah, Oregon,
Washington and California.
New York City: The Northeastern States.
Atlanta : The Southeastern States.

Some states of less importance in corn-hog production have not been definitely assigned to any regional conference.

SECRETARY WALLACE COMMENTS ON CORN REFERENDUM

In response to requests for comment on the Adjustment Administration's proposed referendum among corn-hog contract signers, Secretary of Agriculture Henry A. Wallace said:

"Late in August I had the opportunity of meeting with several county control associations and as a result, my faith in the possibilities of a true economic democracy, conforming to our political democracy, has been greatly strengthened. The very day I was meeting with one of these associations, word came out from Washington concerning Chester Davis' proposal for a referendum to the county control associations on the 1935 corn-hog program. Such a referendum is in line with the democratic principles under which this Government is founded and will enable us to know where certain economic traffic lights should be placed in 1935.

"There are dangers ahead with which the county control associations are fully familiar. On most of these associations are found men who remember the great drought of 1894, the bumper crops of the years following, and the terrific drop in corn prices. These men assured me that they and their neighbors would welcome an opportunity to vote on a program designed to prevent the overproduction of cheap grain a year from now which would result in livestock losses in 1936 and 1937.

"It is not my function to over-persuade the farmers into any definite course of action, but it is very definitely my duty to point out dangers and suggest ways in which they can be avoided. The farmers can express their opinions on proposed courses of action and in case certain types of action are agreed to they can carry out their part in the program through their own democratically selected leaders in the county.

"We are on our way toward a true economic democracy, designed to rescue our political democracy from the danger of becoming a hollow mockery. It is up to you to become fully acquainted with the fundamental facts having to do with the supply and demand situation in the corn-hog business as it is now working out and is likely to work out in the next two or three years. Such information will enable you to vote in such a way as to bring the greatest prosperity to yourself, your neighbors, and the whole country.

"The people of the cities have worked on this problem longer than we have and through the corporate form of organization have done much more inventing than we. But I am convinced after meeting with several of the county control associations that the farm people have the ability to build economic democratic machinery which will prove more significant to the welfare of the entire nation than most of the social machinery which has thus far been originated in the cities. The outstanding question now is whether you will take the time to understand the problem and then vote in line with your convictions."

#

CORN-HOG PAYMENTS TO PRODUCERS IN 37 STATES

Payments to producers cooperating in the corn-hog adjustment program averaged more than \$1,000,000 a day during August, according to Dr. A. G. Black, chief of the Agricultural Adjustment Administration's corn-hog section.

A preliminary report shows that in August corn-hog farmers were paid \$37,077,320 on their adjustment contracts. The number of checks on which the payments were made totaled 423,000.

Through September 7 checks totaling approximately \$60,473,000 had been mailed to over 637,500 participating farmers. This amount represents nearly one-half of the estimated first instalment of \$133,000,000 to be paid to the 1,200,000 farmers who have signed corn-hog adjustment contracts.

Approximately 740,766 contracts had been received by the rental benefit audit section of the Adjustment Administration through September 6. Of this total number, 127,911 were early payment contracts received from 506 counties in 17 states, and 612,855 were of the regular payment type. Regular payment contracts have now been approved for payment in 1,442 counties in 42 states.

Payments through September 4 were made to producers in 37 states as follows: Alabama, \$183,604.90; Arizona, \$17,168.00; Arkansas, \$235,022.85; California, \$682,058.70; Colorado, \$129,657.85; Connecticut, \$2,011.75; Florida, \$103,066.45; Georgia, \$36,294.75; Idaho, \$18,356.80; Illinois, \$1,258,660.80; Indiana, \$5,211,764.10; Iowa, \$15,600,929.16; Kansas, \$3,427,474.35; Maryland, \$43,607.20; Massachusetts, \$148,681.60; Michigan, \$103,982.75; Minnesota, \$4,232,325.25; Missouri, \$6,859,341.93; Montana, \$65,631.55; Nebraska, \$5,727,853.45; Nevada, \$25,079.85; New Hampshire, \$1,468.00; New Mexico, \$62,674.70; New York, \$5,217.80; North Dakota, \$129,706.90; Ohio, \$6,591,828.50; Oklahoma, \$120,596.65; South Carolina, \$152.50; South Dakota, \$3,457,527.65; Tennessee, \$85,524.65; Texas, \$426,886.40; Utah, \$56,784.60; Vermont, \$1,596.00; Virginia, \$570,934.45; Washington, \$284,075.40; West Virginia, \$69,335.90; Wisconsin, \$1,650,221.65.

#

DROUGHT CATTLE PURCHASES EXCEED 4,270,000

More than 4,270,000 drought cattle had been purchased in 21 states by the Government at the close of business on August 31, the Agricultural Adjustment Administration has announced. Total payments to the same date amounted to \$38,811,870, divided among 220,000 farmers, included benefit payments of \$14,154,349 and purchase payments of \$24,657,521. These payments covered only 2,860,857 cattle purchased to date. The price averaged \$13.57 a head.

The purchases to the end of August by states were: Arizona, 54,135 head; Arkansas, 30,080; California, 15,043; Colorado, 128,397; Idaho, 17,075; Iowa, 7,389; Kansas, 197,117; Minnesota, 185,483; Missouri, 244,960; Montana, 234,387; Nebraska, 193,375; Nevada, 13,139; New Mexico, 265,039; North Dakota, 833,845; Oklahoma, 69,098; Oregon, 2,377; South Dakota, 595,851; Texas, 946,379; Utah, 71,751; Wisconsin, 40,075; and Wyoming, 125,632. The complete total was 4,270,627 head.

Recent certifications of drought counties by the Bureau of Agricultural Economics and the Extension Service Committee have raised the total number of drought counties in 25 states to 1,447. Of these, 1,154 are emergency drought counties and 293 are secondary counties.

#

POOL FOR EXCESS COTTON TAX-EXEMPT CERTIFICATES

Creation of a national pool to facilitate sales and purchases of surplus tax-exemption certificates issued under the Bankhead Cotton Control Act has been announced by Secretary of Agriculture Henry A. Wallace, who fixed 4 cents a pound as the price for which the tags shall be sold throughout the Cotton Belt. This price is approximately 70 per cent of the tax of 5.67 cents a pound imposed by the Act on the ginning of cotton.

The pool plan does not provide for Government purchase of any excess certificates. Holders of excess tax-exemption certificates may turn them over to the manager of the national surplus cotton tax-exemption certificate pool who will handle them for producers under a trust agreement.

When the pool is closed, all funds on hand from sales of certificates, after deducting expenses, will be distributed among producers, and each producer will receive his share in the proportion that the poundage surrendered by him bears to the total poundage in the national pool. Also, each producer will be returned his pro rata share of the unsold surplus certificates, which may be used next year in the event the Bankhead Act is continued another season.

Ernest L. Deal, Florence, Ala., regional consultant in the cotton production section of the Adjustment Administration, has been designated manager of the pool.

The plan also includes provision for local sales of tax-exemption certificates at the same price by individual farmers, provided that the sales are made through the office of the assistant in cotton adjustment in the county in which the certificates sold were distributed.

This means, in effect, that farmers who do not produce as much cotton as their allotment will be able to realize some cash return by selling their excess tax-exemption certificates either through the county assistant in cotton adjustment or through the pool in Washington. This plan is another example of the "crop insurance" feature of Adjustment Administration programs.

The national pool, in addition to providing facilities for sales of surplus tax-exemption certificates, will provide a means whereby the producer whose production exceeds his allotment may share to a certain extent in the advantage of transfers of surplus certificates. Producers will turn their excess certificates over to the national pool through their county assistant in cotton adjustment who is authorized to deposit them in the national pool. Each producer participating in the national pool will be given credit in the pool for the number of pounds of certificates surrendered by him. The producer later will receive from Washington an approved copy of the trust agreement signed by him, which will also bear a receipt for the certificates he placed in the pool.

The manager of the national pool will receive blank certificates, to be used in place of the original certificates placed in the pool, in making resales to producers who wish to purchase surplus certificates from the pool. This plan prevents confusion in distinguishing certificates.

The Bankhead Act limits the amount of cotton of this year's crop that may be ginned tax-free to 10,460,251 bales of 478 pounds net weight. The Crop Reporting Board of the Department of Agriculture, in its report as of August 1, estimates the 1934 crop at 9,195,000 bales. Unless there is considerable improvement in the crop, there will be an excess of tax-exemption certificates in some sections and a shortage in others. It will be the purpose of the pool to equalize these differences in such a manner that producers who have excess certificates may obtain as fair a return as possible for them, while producers lacking the necessary tax-exemption certificates may be able to purchase them at an equitable price.

Cully A. Cobb, chief of the cotton production section of the Adjustment Administration, under whose direction the national pool will be operated, urged farmers desiring to participate either as sellers or buyers in the pool to see their county assistants in cotton adjustment.

"The county assistants in cotton adjustment," Mr. Cobb said, "are our contact men in the field and will be able to advise all farmers on matters regarding the pool."

Meanwhile, Mr. Cobb announced that distribution of tax-exemption certificates is being rapidly completed in cotton-growing states. The state allotment board in each state has fixed a final date on which applications may be made for tax-exemption certificates. These dates vary, depending upon the time required by a state committee to properly distribute application blanks. Distribution of permanent certificates, however, does not in any way interfere with the free movement of cotton as interim certificates have been issued in all sections where it has not been possible for state allotment boards to complete allotment of permanent certificates before the ginning season opened.

#

BURLEY TOBACCO PROCESSING TAX HEARING HELD

Tobacco manufacturers asked the Agricultural Adjustment Administration at a hearing Sept. 5 not to levy the maximum processing tax of 6.1 cents a pound on Burley tobacco used in the manufacture of plug chewing tobacco and twist, on the grounds that the maximum rate would result in a reduction of consumption of chewing tobacco products made in whole or in part from Burley and a consequent accumulation of surplus.

The processing tax on Burley tobacco, fixed in October, 1933, is now 2 cents a pound. Since the tax was levied, however, the difference between the current average farm price of Burley and the fair exchange value of the commodity has increased, so that it would not be possible to levy a maximum processing tax of 6.1 cents a pound on Burley.

The hearing, presided over by J. L. Peirce and Robert B. Tyler of the Agricultural Adjustment Administration, was called to determine that if the maximum tax of 6.1 cents is levied would this rate be too high on Burley used in the manufacture of plug chewing tobacco and twist, and if too high what should the maximum rate be.

While W. W. Flowers of the Liggett & Myers Tobacco Co., and M. A. Braswell of the R. J. Reynolds Tobacco Co., were the only witnesses to testify at the hearing, both opposed levying of the full tax on Burley used in the manufacture of plug chewing tobacco and twist. Each said he was not in a position to suggest a definite rate. Both, however, asked that the rate be as "low as possible".

Mr. Braswell read from a brief filed by Harry Taylor, representing chewing tobacco manufacturers, at a hearing held May 24, 1934, in which Mr. Taylor urged a uniform processing tax on all tobacco leaf, regardless of type, going into the manufacture of plug chewing tobacco and twist, and suggested a rate of 1-1/2 cents a pound, farmers' sales weight. Mr. Braswell said he did not necessarily concur in this rate suggestion, but merely wished to call it to the attention of the hearing.

Mr. Braswell and Mr. Flowers both said, however, that they believed a uniform tax rate on all leaf tobacco, regardless of type, used in the manufacture of plug chewing tobacco and twist would be an aid to the industry and the Agricultural Adjustment Administration. They argued this would tend to eliminate manufacturers' shifting from one type of tobacco to another in the manufacture of their products and possibly would help to increase the use of tobacco in chewing forms.

Mr. Flowers said his company feels "reasonably sure" that a tax of 6.1 cents a pound on tobacco used in chewing products would result in a decrease in consumption and therefore would tend to build up a surplus.

Mr. Braswell said the processing tax on flue-cured tobacco had forced his company to decrease the size of the retail unit of its chewing products made from flue-cured tobacco, with the result that there had been a decrease in consumption of flue-cured going into chewing products.

When the hearing adjourned, it was announced that persons interested in the fixing of this tax have until September 10 to file briefs either for or against it.

#

GROWERS' PRICES FOR 1933 TOBACCO CROP

An estimate of the average price received by farmers for their 1933 tobacco crop has been placed at 12.9 cents a pound by the Crop Reporting Board on the basis of reports on sales up to August 15 of this year. Figures released earlier on prices of the 1933 crop have been revised accordingly. These revisions have been confined entirely, however, to the cigar types. Farmers received an average of 11.0 cents a pound for cigar tobacco (Types 41-62) as compared with 8 cents for the cigar crop of 1932.

1. The first part of the paper discusses the importance of the study and the objectives of the research.

2. The second part of the paper describes the methodology used in the study and the data collection process.

3. The third part of the paper presents the results of the study and discusses the findings.

4. The fourth part of the paper discusses the implications of the study and the conclusions drawn from the research.

5. The fifth part of the paper discusses the limitations of the study and the areas for future research.

6. The sixth part of the paper discusses the contributions of the study to the field of research.

7. The seventh part of the paper discusses the practical applications of the study.

8. The eighth part of the paper discusses the policy implications of the study.

9. The ninth part of the paper discusses the ethical considerations of the study.

10. The tenth part of the paper discusses the overall findings and conclusions of the study.

Estimated farm prices for cigar-filler tobacco (Types 41-45) from the 1933 crop averaged 5.7 cents or nine-tenths of a cent a pound higher than a year earlier. The production of these types was cut from about 68,000,000 pounds in 1932 to around 35,000,000 in 1933, but July stocks in the hands of manufacturers and dealers were reduced only slightly during the year.

Prices received for last year's crop of cigar binder (Types 51-55), at 8.4 cents a pound, averaged 1.6 cents higher than during the previous marketing season, production having decreased to about 37,000,000 pounds from a harvest of approximately 70,000,000 in 1932. Manufacturers and dealers' stocks of this class of tobacco were reduced by only about 8,000,000 pounds, however, during the year ended July 1, 1934.

The average of prices received for cigar wrapper tobacco (Types 61-62) amounted to 57.7 cents a pound for the 1933 crop, as compared with 50.6 cents for that produced in 1932. The combined production of these two types in 1933 was only 800,000 pounds lower than in 1932, but this reduction was due entirely to a sharp drop in the size of the crop of Georgia and Florida shade-grown, since the 1933 New England crop was increased about 10 per cent. Stocks of these types were about 1,700,000 pounds smaller on July 1 than a year earlier.

Estimates of average prices, as based on reports from farmers, buyers and warehousemen, are tabulated as follows:

TYPE NO.	: Price received : by farmers	:	TYPE NO.	: Price received : by farmers
	: <u>Cents per pound</u>	:		: <u>Cents per pound</u>
TYPES OTHER THAN CIGAR	:	:	CIGAR BINDER:	:
Av. 11-37	: 13.0	:	51	: 12.5
	:	:	52	: 9.7
CIGAR FILLER	:	:	53	: 4.0
41	: 5.5	:	54	: 5.5
42-44	: 6.0	:	55	: 4.8
45	: 11.0	:	Av. 51-55	: 8.4
Av. 41-45	: 5.7	:		:
	:	:	CIGAR WRAPPER:	:
	:	:	61	: 64.0
	:	:	62	: 32.0
	:	:	Av. 61-62	: 57.7
	:	:	CIGAR TYPES 41-62	: 11.0
	:	:	ALL TYPES Av.	:
	:	:	11-62	: 12.9

1/ Revisions in 1932 prices are as follows: All tobacco (Types 11-62), 10.5 cents per pound; Cigar tobacco (Types 41-62), 8.0 cents; Cigar binder tobacco (Types 51-55), 6.8 cents; Type 54, 4.5 cents and Type 55, 3.9 cents.

CHINAS'S EXPECTED FLUE-CURED TOBACCO CROP

The 1934 flue-cured tobacco crop in China is estimated at 142,000,000 pounds, compared with the revised figure of 146,000,000 pounds for 1933, and with 108,000,000 pounds for 1932, according to a recent radiogram received in Washington by the Bureau of Agricultural Economics. Carryover supplies of imported leaf will be only moderate by the end of the current season, it is expected, but the carryover of native leaf will probably be approximately 26,000,000 pounds, compared with 8,000,000 pounds at the close of the 1932-33 season. With exceptionally favorable conditions till harvest, the total crop might equal or even exceed the record 1923 crop.

A reduction in the consumption of American leaf in China is expected during the 1934-35 season because of the large 1934 crop, the heavy carryover of native leaf, heavy taxes on cigarettes, increasing prices for American tobacco, and low purchasing power of Chinese consumers. The consumption of American leaf last season is believed to have been almost 20,000,000 pounds less than in the preceding year because of the large supplies of cheap native leaf resulting from the record 1933 crop, and also because of an increase in the tax on machine-made cigarettes in December, 1933.

The increase in the cigarette taxes in December, 1933, decreased the consumption of American leaf, since considerable quantities of American tobacco are used for blending with native leaf in the manufacture of the cheaper grades of cigarettes. The immediate result of the increased taxes was an economy in the use of American leaf and a large increase in the manufacture of hand-rolled cigarettes which escape the tax and in which native leaf is used almost exclusively. The consumption of hand-rolled cigarettes has now become an important factor in the Chinese cigarette supply.

China has been endeavoring for several years to be more self-sufficient in the matter of flue-cured tobacco, and considerable quantities of American seed have been imported and planted. There are no indications as yet, however, of any improvement in the quantity of the native-grown leaf, says the bureau. Higher prices for American tobacco during 1934-35 are likely further to stimulate the consumption of native leaf, but Chinese dealers generally realize the need for great improvement in the quality of native leaf before any significant permanent reduction can be made in the requirements from the United States.

China in recent years has been the second most important export market for our exports of that type of leaf, having taken on the average approximately 28 per cent of our exports during the five years 1929-33.

China's total imports of leaf tobacco, practically all from the United States, during the 12 months ended September 30, 1934, are expected to be about 78,000,000 pounds, compared with 65,000,000 pounds last season. Consumption of American leaf in China this season is expected to be approximately 70,000,000 pounds, compared with 90,000,000 pounds a year ago.

TESTIMONY OF GROWERS FAVORS PEANUT PROCESSING TAX

Officials of the Agricultural Adjustment Administration have available for study a transcript of a recent hearing to determine the rate and scope of a proposed processing tax on peanuts, designated by the last Congress as a basic agricultural commodity under the Agricultural Adjustment Act. Interested persons have until September 5 to file briefs for or against the proposed processing tax.

Peanut growers who testified at the hearing asked that the processing tax be sufficient to insure a gross return of from 3 1/4 to 3 3/4 cents a pound for peanuts. This gross return for farmers' stock peanuts would include the market price as well as benefit payments from the processing tax. The growers said they were willing to leave consideration of the processing tax rate to the Adjustment Administration, and did not suggest a rate.

J. A. Ryan of Philadelphia and Philip H. Eve of Suffolk, Va., representatives of peanut oil mills, argued against the proposed tax being levied on peanuts diverted to oil, on the grounds that they are of such low value that the tax would "substantially reduce" consumption of peanut oil products.

#

MEMBERS NAMED TO FLAXSEED ADVISORY BOARD

Five members of a national flaxseed producers' advisory committee, provided for in the code of fair competition for the linseed oil manufacturing industry, have been appointed by Secretary of Agriculture Henry A. Wallace. They are: Dr. H. L. Walster, Fargo, N. D., dean and director of the North Dakota Agricultural College and president of the Flax Institute of the United States; Emil Wagner, Ada, Minn., farmer and president of the Minnesota Crop Improvement Association; Robert Daily, Flandreau, S. D., farmer and member of the South Dakota State Advisory Committee on corn-hog adjustment; J. L. DuBois, El Centro, Calif., flax grower and president of the Southwest Flaxseed Association; Prof. R.R. Renne, Bozeman, Mont., agricultural economist at the Montana Agricultural College, and specialist in flaxseed production and marketing.

The advisory committee shall, according to the code, have the power to submit recommendations to the code administrative committee and to the Secretary on all questions affecting the interests of producers of flaxseed in the United States, and the chairman of the advisory committee shall have the privilege to sit, without vote, in all meetings of the code administrative committee.

An initial organization meeting of the committee is scheduled to be held at Fargo, N. D., September 14. Dr. A. H. Benton of the grain section of the Agricultural Adjustment Administration, and representative of the Secretary of Agriculture for the linseed code, will attend the Fargo meeting.

#

VERIFIED RECORDS TO HASTEN SUGARCANE BENEFIT PAYMENTS

"Louisiana sugarcane producers who are now being asked to verify factory records showing their past production, should do so at once, even though these do

not indicate their full past records," said John E. Dalton, chief of the sugar section of the Adjustment Administration.

"Any additional information which may be secured from closed mills or other sources will be given full consideration in determining each grower's allotment," Mr. Dalton said. "Meanwhile, delay in verifying available records will mean delay in getting the sugar program under way in Louisiana and therefore mean delay in the first adjustment payments which are planned to be made by the end of the year.

"The sugarcane program for Louisiana, under which cooperating growers are to receive benefit payments to give their crop a fair exchange value, is going forward rapidly. As soon as growers' factory records are verified, contracts will be offered to growers, and when these are approved by the Secretary of Agriculture, benefit payments will follow."

Verification of factory records by individual farmers is now under way in Louisiana under the general direction of J. W. Bateman, state Extension director and M. J. Voorhies of the state Extension Service. County agricultural agents working in the various districts have appointed temporary local community committeemen for meetings at which growers are invited to attend and verify the factory records which have been compiled in Washington.

Full cooperation of all growers with county agents and committeemen is urged by the field workers in order to eliminate the difficulty caused by what is known as the "cross-haul" where growers market their cane at more than one mill or at differing mills in different years.

#

PROPOSED FLORIDA CITRUS AGREEMENT CHANGES CONSIDERED

An informal conference between 14 growers and shippers of Florida citrus fruits and officials of the general crops section of the Adjustment Administration, was recently held at the Department of Agriculture to discuss amendments to the proposed agreement for the Florida citrus industry which were made at a public hearing on the agreement at Orlando, Fla., August 14 and 15.

It was suggested at the conference that the reports and records on which proration is made to shippers should be accessible to the control committee and to other shippers and growers who may request them. Modification of provisions for volume proration should be developed to eliminate quota fruit, contract and non-contract fruit, and to include both past performance and amount of fruit under control as factors in determining allotments to shippers.

It was suggested that the method of selecting the control committee, as outlined in the proposed agreement, should go into effect August 1, 1935, except that the grower-members should be nominated by petition instead of at meetings, and the term of grower-members should be one year instead of two years. Also, in the selection of grower-members it was suggested that consideration should be given to the type of organization through which they market their fruit. The definitions of a grower eligible to serve on the committee should be modified so that any grower operating a packing house of whose total shipments 75 per cent is produced on groves owned or leased by him, will be eligible to serve.

1. The first of these is the
fact that the number of
cases of the disease has
increased in the last few
years.

2. The second is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

3. The third is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

4. The fourth is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

5. The fifth is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

6. The sixth is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

7. The seventh is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

8. The eighth is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

9. The ninth is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

10. The tenth is the fact
that the disease is now
found in many parts of the
country which were formerly
free from it.

For the 1934-35 marketing season it was proposed that the names of the control committee composed of seven growers and six shippers should be written into the agreement. That the names of the six shippers would be those elected as follows: Two by the Florida Citrus Exchange; two by the shippers affiliated with the Florida Citrus Growers' Clearing House Association; two by shippers not affiliated with either of the above organizations; and that the grower-members be selected by the Secretary of Agriculture in such manner that at least two market their fruit through the Florida Citrus Exchange; at least two through shippers affiliated with the Florida Citrus Growers' Clearing House Association, and at least two through shippers not affiliated with either of these organizations.

It was proposed that the Florida members of the National Proration Committee for grapefruit and of the National Proration Committee for oranges consist of separate persons, and that the Florida members of either national committee should vote for the institution of national proration only on the instructions given to that effect by a resolution approved by at least nine members of the Florida Control Committee.

The following Florida shippers and growers were present at the conference: S. L. Holland, Bartow; J. J. Parrish, Titusville; H. C. Case, Ft. Myers; L. P. Kirkland, Auburndale; C. A. Stewart, Frostproof; L. C. Edwards, Tampa; Harry Askew, Lakeland; W. G. Roe, Winter Haven; C. E. Stewart, DeLand; I. A. Yarnell, Lake Wales; A. M. Pratt, Winter Haven; F. P. Whitehair, DeLand, C. C. Commander, Tampa, and Lawrence Gentile, Orlando.

#

CHICAGO MILK PRICE ADVANCE POSTPONED

Because of the relationship now prevailing between the prices paid for fluid milk in the Chicago sales area and the prices paid in adjacent areas for milk to be used for other purposes, and because of the intensely competitive situation prevailing in the retail distribution of milk in the Chicago market, consideration of an increase in the price to be paid to producers for Class 1 milk has been deferred to a later date, as announced September 6 by the Adjustment Administration. Such an increase had been suggested by producers in the area.

In the meantime, trends in feed prices and in production and consumption are under close observation. The whole market situation has recently been reviewed by representatives of the dairy section of the Adjustment Administration for the purpose of considering proposed changes in the method of paying producers as well as changes in prices.

Other market problems, such as a greater degree of compliance with the existing license, adjustment of bases, changes in method of paying producers and a more general understanding of the present license must be considered before further adjustments of prices are made effective.

#

SEEKING TO RESTRAIN BOSTON MILK LICENSE VIOLATIONS

At the request of the Agricultural Adjustment Administration, the Department of Justice has filed a bill of complaint seeking to restrain the Whiting Companies, second largest milk distributor in the Boston market, from continued violation of the license for the greater Boston market.

At the same time, the Adjustment Administration reiterated its policy against including resale prices in licenses. In a telegram to M. H. Bancroft, president of the Consolidated Dairies of Boston, Secretary of Agriculture Wallace stated: "Must deny request of your organization to fix minimum resale prices." The Secretary added that the AAA is proceeding immediately to survey conditions to determine facts upon which an increase in producer prices can be made and called attention to the suit that has been instituted to enjoin Whiting Companies from continued violation of the license. He further stated that the Adjustment Administration has recommended to the Department of Justice that action be brought to secure payments of obligations under the old license.

The suit filed against Whiting Companies is the result of the failure of this large distributing company to pay the producers' price for milk as established in the license for the pooling period from July 16 to July 31. The failure of the company to maintain the farm price as prescribed in the license schedule followed a price war among distributing agencies in a competitive effort to increase their share of the volume of milk sold in Boston.

Officials of the Whiting Companies, it is stated, have urged that a resale price be established. At these conferences, representatives of the Boston distributing firm were advised that the Adjustment Administration would not undertake to establish resale price schedules. It was emphasized that when distributing companies engage in price-cutting to increase their share of market volume, they must do so at their own expense and not at the expense of the producers. Records of the market indicate that the Whiting Companies have obtained a larger share of the Boston sales by reducing their prices. The Adjustment Administration has refused to freeze the competitive relationships by establishing a resale price and, with the action taken in the filing of the bill of complaint, has taken steps to prevent producers from suffering loss from the price-cutting.

Specifically, the Whiting Companies in the bill of complaint that has been filed are charged with paying 59 cents per hundred weight below the announced price for base milk, which was \$2.86 per 100 pounds for local milk and \$2.27 per 100 pounds for milk delivered in the 200-mile zone. This represents an average reduction in the incomes of farmers supplying the Whiting Companies of approximately \$50,000 a month under what they would have received from the payment of the license price. The average loss for each individual producer is about \$20 a month, as the Whiting Companies, it is charged, have paid only about 75 per cent of the price due producers under the terms of the license.

Chester C. Davis, administrator of the Adjustment Act, in requesting the Department of Justice to bring the action said that the price to producers must be protected and the provisions of the license enforced.

"In the face of the shortage of forage and the increasing price of feed grains and by-products," Mr. Davis said, "we cannot countenance any arbitrary

action upon the part of distributors to reduce farmers' prices below a fair and equitable level. The payment to producers by the Whiting Companies of 59 cents per hundred weight below the established prices is a direct violation of the license, and it is our duty to protect producers against underpayment or other unfair practices by distributors. Distributors who refuse to pay the producers' price as fixed in the license have a distinct advantage over other distributors who abide by the terms of the license. Such refusal disorganizes the entire market and inflicts heavy losses upon producers. It is our intention to prevent this situation."

#

OKLAHOMA CITY'S AMENDED LICENSE HELPS MILK PRODUCERS

An increase of 50 cents per 100 pounds of Class 1 milk testing 4 per cent butterfat, and increases in the price of milk in other classifications are provided for in an amended license for the Oklahoma City, Okla., milk sales area, approved by Acting Secretary of Agriculture M. L. Wilson. The amended license became effective September 4.

The increased prices were requested by producers because of extreme drought conditions and a shortage of feed in the production territory. The producer price for Class 2 milk is increased by about 10 cents per 100 pounds, and the price for Class 3 milk by about 5 cents per 100 pounds.

According to the amended license schedule, producers will receive \$2.40 per hundredweight for Class 1 milk, or about 5.1 cents a quart, instead of \$1.90 or 4 cents a quart. Prices for Class 2 milk used in cream sales are determined on the basis of four times the average price for Chicago 90-score butter plus 20 per cent plus 30 cents per 100 pounds, instead of 20 cents premium as before; while the Class 3 schedule calls for a premium above Chicago butter of 10 cents per 100 pounds instead of 5 cents. The amended license places the Oklahoma City producers' prices in line with prevailing license prices at Tulsa, Okla., and Wichita, Kan., which are \$2.40 and \$2.35, respectively.

An increase of 1 cent a quart on retail sales to consumers was made independently by local agencies after August 15. Of this 1 cent increase to consumers, 32 cents per 100 pounds has already been passed on to producers. This actually means that the 50-cent increase named in the license is only 18 cents above the price level secured by local negotiations in August, and hence this extra 18 cents provided in the amended license should not cause any extra increase in retail prices for milk beyond the advance already effected.

Minimum resale prices have been adjusted to the situation, and only one classification is provided in the amended license instead of two. The minimum resale price for bulk milk is placed at 23 cents per gallon. Bottled milk minimum prices in the amended license are 9 cents a quart retail, and 8 cents wholesale, with pints scheduled at 5 cents retail and 4 1/2 cents wholesale.

All former restrictions on new producers entering the market have been removed from the amended license during the emergency under which the special increased producers' prices are in effect.

The standard new provision for producer-distributors is inserted in the amended license. Milk distributed by producer-distributors will be exempt from the computation of the blended price and the adjustment account, except that where bulk milk is sold to another distributor it must be accounted for at Class 3 prices, and the buyer is obligated to pay to the pool the difference between the Class 3 price at which he buys it and the higher prices which he receives for the milk when sold. Previously the exemption from the pool allowed to such producers amount to 400 pounds daily, adjusted according to average retail route sales.

#

AMENDED CALIFORNIA MILK LICENSES INCREASE PRODUCERS'S PRICES

Increased prices to milk producers in the Los Angeles, Calif., sales area, together with an increase in minimum resale price schedules, as provided for in amendments to the milk license of the area, have been authorized in furtherance of the purpose of the Adjustment Administration to increase returns to milk producers. The amendment to the Los Angeles license became effective August 22.

It was issued in response to petitions from producers' cooperatives and nonmember producers in the area. Increases in feed and other production costs, due to drought, were advanced as the reason for the request for higher prices to producers. The request was reviewed carefully by the dairy section and the consumers' counsel and was found to be justified.

The distributors' margin between the new producers' price of 5.24 cents a quart of 4 per cent Class 1 milk and the 9 1/2 cent minimum resale price under the license, is 4.26 cents, which is slightly less than the margin of 4.27 cents a quart allowed under the former license. This was pointed out by the Adjustment Administration officials, in answer to public assertions from some distributors in the area that they are being "compelled" to accept an unjustifiable margin of profit. Officials also stated that distributors who claim that their margin is too wide under the amended license, are entitled under the license to request a hearing at which they may present evidence that the spread is too wide.

* * *

Owing to steady improvement in the butter market and higher feed costs, an amendment to the existing license for the Alameda County, Calif., milk sales area which raises the price of Class 1 milk to producers f. o. b. distributors' plants from 56 cents a pound to 62 cents a pound of butterfat, has been approved by Acting Secretary of Agriculture M. L. Wilson. The amendment became effective September 1. No changes are made in Class 2 and 3 producer prices.

The new license schedule on Class 1 milk to producers is the approximate equivalent of \$2.48 per 100 pounds of 4 per cent milk, or about 5.3 cents a quart. In regard to the minimum resale schedule, the license provides that any distributor who claims he can sell milk at less than the established minimum rates may ask for a hearing in the matter. The purpose of the minimum schedule is to protect producers from injury which may result from competition among distributing agencies on an extremely low price level.

The amendment contains a new clause which provides that the market administrator may maintain a reserve fund from the pool receipts to be used in making payments on adjustment accounts if distributors fail or delay in making their regular settlement. Any excess sum in such reserve beyond the requirements specified will be prorated back to producers by adding it to the value of the milk in any delivery period.

Under the amendment on resale minimum prices, bulk milk will sell at wholesale for \$2.50 per 10-gallon can instead of \$2.30, 3-gallon lots for 76 instead of 70 cents, 2-gallon lots for 52 cents instead of 48 cents, and the minimum on single gallons is 28 cents instead of 26 cents. Quarts of bottled milk at retail will have minimums of 9 1/2 cents instead of 9 cents; that sold wholesale bottled will carry 8 1/2 cents as the minimum instead of 8 cents a quart, and milk per quart bottled to vendors for their routes will have a minimum price of 7 cents instead of 6 1/2 cents a quart. All prices are for standard Grade A milk, either raw or pasteurized. There is no actual increase in margins between prices to producers and the minimum levels named in the new license.

#

